



*Andrew Junkin
CFA, CIMA, CAIA
Managing Director*

March 24, 2009

Mr. Joseph Dear
Chief Investment Officer
California Public Employees' Retirement System
400 Q Street
Sacramento, CA 95814

Re: Statement of Investment Policy for Global Equity Emerging Manager Fund of Funds

Dear Joe:

You requested Wilshire's opinion with respect to the proposed Statement of Investment Policy for Global Equity Emerging Manager Fund of Funds. This proposed policy would be the first stand-alone policy for the Emerging Manager Fund of Funds program.

Recommendation

Wilshire recommends that the Policy Subcommittee adopt the Statement of Investment Policy for Global Equity Emerging Manager Fund of Funds.

Background

Currently, the emerging Manager Fund of Funds program is governed by manager-specific guidelines and existing policies, such as the Externally Managed Strategies policy. This policy would represent the first stand-alone policy for the program. Wilshire believes that the recently increased level of delegated authority for this program warrants a stand-alone policy.

The Emerging Manager Fund of Funds program is unique in that CalPERS is evaluating both the underlying managers (through separate accounts) as well as the Fund of Funds manager. The policy recognizes that particular distinction and appropriately delineates the responsibilities for Staff, the General Pension Consultant, the Fund of Funds manager, and the underlying managers. In addition, the policy conforms to the new template.

The program is still subject to CalPERS' derivatives policy and the proxy voting policy, in addition to manager-specific guidelines which control how each manager can invest.

Statement of Investment Policy for Global Equity Emerging Manager Fund of Funds
March 24, 2009
Page 2

Should you require anything further or have any questions, please do not hesitate to contact us.

Best regards,

A handwritten signature in black ink, appearing to read "Ann Jinn". The signature is fluid and cursive, with the first name "Ann" and last name "Jinn" clearly distinguishable.